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UNCLAS SECTION 01 OF 04 KATHMANDU 001482

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USAID FOR ANE/AA GORDON WEST AND JIM BEVER
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TREASURY FOR GENERAL COUNSEL/DAUFHAUSER AND DAS JZARATE
TREASURY ALSO FOR OFAC/RNEWCOMB AND TASK FORCE ON TERRORIST
FINANCING
JUSTICE FOR OFFICE OF THE DEPUTY ATTORNEY GENERAL/DLAUFMAN
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SUBJECT: UPDATE ON NEPAL'S MAOIST INSURGENCY, JULY 24-30,
2004

REFERENCE: KATHMANDU 1457

SUMMARY

1. In a spate of brutality, Maoists beheaded three civilians, a group of 12 Maoists hacked a man to death, and in another case, Maoists shot a handicapped man in the head. In Dadeldhura, the Maoists forced the stoppage of a school lunch incentive program run by the World Food Program (WFP) because the organization refused to sign an agreement with the rebels. Two sister groups publicly broke ties with the Communist Party of Nepal (Maoists) this week over claims of ethnic discrimination. Much speculation surrounds the issue of peace talks between the Maoists and the Government of Nepal (GON), but no clear word has emerged. Maoists are allegedly planning to extort USD 1 million from targets within the Kathmandu Valley. Two Maoist cadres were sentenced to prison in India. Maoists reportedly killed three security personnel and fifteen civilians in separate incidents. Ten security personnel and 29 civilians suffered injuries related to Maoist violence. Rebels also abducted eleven people. Security forces reportedly killed 14 Maoists and arrested seven individuals for suspected Maoist involvement. End summary.

MAOIST GROUP SPLITS

2. According to news reports on July 27 two Terai-based insurgent groups publicly broke ties with the Communist Party of Nepal (Maoist) (Reftel). The first group, the Kirat Workers Party (KWP) made the announcement from the city of Dharan in Sunsari District. No specific reasons, however, were given for the break. This marks the third time the KWP has split with the Maoists. The second group, the Mahadeshi National Liberation Front (MNLF) made their announcement the same day from Rajbiraj in Saptari District. According to the Chairman, Jaya Krishna Goit, the MNLF split was due to Maoist discrimination against the Mahadeshi people. [NOTE: "Mahadeshis" are inhabitants of Indian origin traditionally living in the Terai region along Nepal's southern border with India. END NOTE.]

NO CLEAR WORD ON PEACE TALKS

3. On July 27, the Minister of Population and Environment, Bachaspati Devkota, declared that the Government of Nepal (GON) would not declare a unilateral ceasefire. Devkota went on to comment that government officials are trying to prepare the ground for peace talks with the Maoists. When and if the talks will occur is unknown, however, as conflicting news reports continue to appear. On July 24, Deputy Prime Minister, Bharat Mohan Adhikari, stated that peace talks were likely to be held in the next one or two months. The same day, Prime Minister Deuba said he refused to sit for "indecisive talks" with the Maoists and instead would order general elections. The Minister for Land Reforms and Management, Jog Mehar Shrestha, added to the confusion by saying, "Informal talks are taking place with the Maoists at governmental and non-governmental levels." According to the latest statements by Minister Devkota, if talks proceed they will be conducted clandestinely. [NOTE: The stream of statements regarding peace talks from various ministers in the new cabinet come in direct conflict to Deuba's July 24 statement that he alone would speak on security-related issues. END NOTE.]
"FUNDRAISING" IN KATHMANDU VALLEY

4. According to reports in vernacular news sources, Maoists hope to raise almost USD 1 million in the Kathmandu Valley

by extortion. The Maoists reportedly plan to solicit "donations" from hotels, employment agencies, chambers of commerce, insurance and finance companies, private banks and from individuals among the elite class. A vernacular newspaper reported that Maoists had already received money from several of the King's relatives and from Hotel Soalte, of which the King is part owner. It was also reported that Surya Nepal Private Ltd., a joint Nepal-India venture of which the King owns shares, gave almost USD 150,000 to the rebels. These reports have not been confirmed.

MAOISTS HARASS INTERCASTE COUPLE

15. Despite Maoist party proclamations of abolishing the caste system and treating everyone equally, on July 29, the local press reported that Maoists issued threats against a young couple living in Baglung District not to continue with their relationship because they are from different castes. The couple defied Maoists orders and had a child together. Maoists threats of "dire consequences" eventually caused the young man to flee, and his wife was put effectively under "house arrest" by the Maoists.

MAOISTS SENTENCED IN INDIA

18. On July 28, a court in New Delhi sentenced two Maoist rebels, Surya Bahadur and Krishna Bahadur, to five years rigorous imprisonment. The judgment came two and a half years after the men were arrested while trying to smuggle 50 kilograms of explosives, 189 detonators, 28 gelatin sticks and 46 coils of safety fuse wires to Nepal. The court also imposed a fine of NPR 1600 (approximately USD 21).

MAOISTS CONTINUE DEADLY CAMPAIGN

19. On July 23 Sub-Inspector Birshingh Karki, the chief of Sukhad area base camp in Kailali district, was shot dead by Maoist rebels in Dhangadhi. Another police officer sustained injuries. On July 25, Maoist rebels killed a police constable, one week after abducting him in Nawalparasi District. On July 29, In Pyuthan District a RNA soldier was killed in a Maoist-laid landmine blast. On July 24, Maoists opened fire on a security patrol in Palpa district, injuring one policeman.

10. The Kathmandu Post reported on July 23 that Maoists beheaded a woman in Morang District on charges of spying. The same day, Maoists killed a handicapped man by shooting him in the head. Over 8000 locals mourned his death; no reason was given for the murder. On July 25, in Rautahat District, Maoist rebels killed two of the three people they had earlier abducted; one of the two men was found beheaded. On July 28, about a dozen armed Maoists allegedly hacked to death a man in Bara District for spying against them. Another report from Banke District said rebels shot dead three civilians; charging them to be fake Maoists. The same day in Siraha District, Maoists shot dead a 20-year-old man eating in a local shop. On July 29, Maoists killed a civilian in Siraha District for alleged involvement in loot and rape cases. The same day, Maoists beheaded another civilian in Sunsari District on charges of spying and assisting security forces. Three civilians in Saptari district were killed that same night in retaliation for the death of one of their cadres. Also on July 29, a civilian was killed and three security personnel injured by a Maoist-laid landmine in Kailali District. In a similar incident, three policemen were injured when their vehicle ran over a landmine in Chitwan district on July 30. On July 27, the local press reported that Maoist rebels abducted two members of the Nepal Workers and Peasant party (NWP); releasing one only after he had been severely beaten. The rebels also prevented family members from taking another NWP activist to the district headquarters for treatment after he had been beaten.

11. Maoists abducted Padam Raj Joshi, the secretary of Sipti VDC, on July 23 from Khalanga, the district headquarters of Darchula district. Of the 41 VDCs in the district, secretaries of 35 VDCs have been staying at the district headquarters for security reasons. Six other civilians were abducted by Maoists: two in Rautahat District on July 23; three in Pyuthan District and one in Siraha District on July 25; One in Bhojpur on July 27; and a college student from his residence on July 25 in Nawalparasi District.

12. On July 27 Maoists completely destroyed a Primary Teachers Training Center in Bhairahawa. Armed Maoists entered the building and forced the three workers of the center to leave, and then placed a bomb inside the building. On July 28 Maoists detonated a bomb in the busiest marketplace of Nepalgunj in Banke District. At least 24 people, including a one-year-old boy and a 62-year-old

woman, were injured. Maoists allegedly placed the bomb to target police personnel; all the victims of the blast were civilians. On July 28, Maoists destroyed the area forest office in Rupandehi District by detonating a bomb. More than two-dozen people were injured by a bomb blast in an office building in Chitwan District on July 29. On that same day Maoists detonated a bomb in Nawalparasi District at an office of Royal Chitwan National Park; the building and documents within the building were damaged.

13. On July 23 in Dailekh District, Maoist rebels seized 28 cooking gas cylinders from Chupra Bazaar; exploding two cylinders immediately after seizing them. [NOTE: Liquefied petroleum gas cylinders are allegedly used to make bombs. END NOTE.] On July 25 in Kanchapur District, Maoists set a minibus ablaze. Mechi highway in Ilam was blocked on July 26 due to a bomb placed by Maoists. Security forces defused the bomb in the evening. Two Maoists hurled a pressure-cooker bomb at the Urban Development Office in Bharatpur in Chitwan District on July 27. The same day Maoists also seized a bulldozer in Myagdi district. A report from Bhojpur said two CPN-UML activists are living a "pathetic existence" after Maoists locked their houses and seized their lands. On July 25, Armed Maoists in Saptari District looted cash and property worth 40,000 NRs (approximately USD 540). The owner of the property and his son were both injured trying to resist the rebels. Maoists declared a three-day bandh on July 28 in Dhading, Rasuwa and Nuwakot districts to protest the killing of a member of the All Nepal Peasants' Association (Revolutionary) and a member of the All Nepal National Independent Students' Union (Revolutionary). Public transportation, educational institutions, factories, private banks, financial institutions and air services were closed. On July 29 in Tanahu District Maoists set ablaze a minibus belonging to the PepsiCola Company.

14. A report from Dadeldhura District (the Prime Minister's home district) said Maoists in the district have recently imposed sanctions on the Nutritious Food Program run by the World Food Program (WFP). The Maoists have banned the distribution of the mid-day meal program in primary schools in at least four remote VDCs following the refusal of the WFP to obtain written permission from the rebels before implementing the program. [NOTE: Since the Maoists have begun imposing sanctions on various programs, donors have put an end to over a dozen programs while others, though officially functioning, have stopped going out to the field. END NOTE.]

SECURITY FORCES RETALIATE

17. On July 23, Security forces shot dead three alleged Maoist rebels in Nuwakot District. The same day, security forces in Bajhang District killed two Maoist rebels. On July 24, security forces allegedly shot dead two Maoist rebels in Dhanusha District. One policeman was injured in the incident. Villagers, however, claim the security forces opened fire on a group of locals who were on patrol against armed robbers. A Maoist cadre was gunned down by security forces in Palpa district on July 24. A RNA soldier abducted by Maoists in Syangja District escaped on July 26 after beating his captor to death. On July 27 security forces in Ramechhap District gunned down two Maoist rebels. On July 29 three other Maoists were killed in Dhanusha District.

18. A report from Rolpa District on July 24 said that security forces were increasing offensive efforts after receiving reports of Maoist activity in the area. Security forces have established a base camp in Chitwan District, an area the Maoists had previously claimed as a stronghold. The local press reported that a security source said there would be over 200 RNA and police personnel at the camp.

19. In Jhapa, plainclothes policemen arrested six people for alleged involvement in Maoist activities on July 25. The same day in Nuwakot a man was arrested and put under house arrest on charges of involvement in Maoist activities. On July 29, security forces in Bara district claimed to have confiscated a cache of arms and ammunition including: 20 pipe and pot bombs, 6 pressure cooker bombs, 4 single bore guns, 15 kilograms of gun powder and 45 sets of rebel uniforms.

MORIARTY